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MORNING BULLETIN

Part of a CIA report on the Soviet economy

An unclassified and "sanitized" version of a Central Intelligence Agency report to the Congress' Joint Economic Committee from Robert Gates, the CIA's deputy director for intelligence, reveals the following conclusions:

- "We do not see economic problems at home motivating the leadership [of the Soviet Union] to undertake high risk adventures abroad that are designed to distract an unhappy public or produce economically beneficial geo-strategic breakthroughs. Nor, on the other hand, would a continued economic slowdown be likely to significantly constrain Soviet political and military activity in the Third World."
- After 1976, growth in Soviet defense spending, which had been expanding at about 4 percent to 5 percent a year, dropped to about 2 percent a year. However, spending levels were so high, according to the Gates report, that Soviet military forces were modernized and military capacity enhanced.

- The report said it was unclear why growth in Soviet military spending was held down in the mid-1970s.

- "Whatever the reason for the continued restraint on military procurement, it did give the economy some breathing space."

- The Soviet gross national product grew by about 3 percent in 1983. It fell below 2 percent in 1979, 1980 and 1981. The 1984 rate was about 2 percent, partly because of a poor harvest.

- The report predicted that Soviet economic growth will continue at about the same pace for the next two years and a "precariously balanced policy" will allow for some improvement in living standards, more money going to factories, and some growth in military purchases.